

WARRICK COUNTY COUNCIL ORDINANCE 2009- 01
BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDED AND RESTATED INDENTURE OF TRUST, WHICH AMENDS AND RESTATES THE AMENDED AND RESTATED INDENTURE OF TRUST, RELATING TO THE \$9,775,000 AGGREGATE PRINCIPAL AMOUNT OF WARRICK COUNTY, INDIANA ADJUSTABLE RATE POLLUTION CONTROL REVENUE BONDS, 1985 SERIES A (SOUTHERN INDIANA GAS AND ELECTRIC COMPANY PROJECT); AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO LOAN AGREEMENT, WHICH AMENDS THE LOAN AGREEMENT, AS PREVIOUSLY AMENDED BY THE FIRST AMENDMENT TO LOAN AGREEMENT, RELATING TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENTAL TAX EXEMPTION CERTIFICATE AND AGREEMENT, WHICH SUPPLEMENTS THE ORIGINAL TAX EXEMPTION CERTIFICATE AND AGREEMENT, AS PREVIOUSLY SUPPLEMENTED BY THE FIRST SUPPLEMENTAL TAX EXEMPTION CERTIFICATE AND AGREEMENT, RELATING TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A RELEASE AGREEMENT, WHICH TERMINATES THE MUNICIPAL BOND INSURANCE POLICY SECURING SAID BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF VARIOUS OTHER DOCUMENTS AND CERTIFICATES IN CONNECTION WITH THE FOREGOING AND OTHER RELATED MATTERS PERTAINING TO SAID BONDS.

WHEREAS, Warrick County, Indiana (the "*County*"), a political subdivision of the State of Indiana, acting by and through the Board of Commissioners of the County of Warrick (the "*Board of Commissioners*") by virtue of I.C. Sections 36-7-11.9-1 to 36-7-11.9-10, inclusive, as amended, and I.C. Sections 36-7-12-1 through 36-7-12-38, inclusive, as amended (collectively, the "*Act*") has previously issued its Adjustable Rate Pollution Control Revenue Bonds, 1985 Series A (Southern Indiana Gas and Electric Company Project) in the aggregate principal amount of \$9,975,000 (the "*Bonds*"), of which \$9,775,000 are currently outstanding, pursuant to the bond ordinance passed unanimously by the County Council of the County at a regular session on July 11, 1985 and pursuant to an Indenture of Trust dated as of July 1, 1985 (the "*1985 Indenture*"), between the County and The Bank of New York Mellon Trust Company, N.A., as successor to The Citizens National Bank of Evansville, as trustee (the "*Trustee*"); and

WHEREAS, in connection with the issuance of the Bonds, the County and Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., an Indiana corporation (the "*Company*") entered into a Loan Agreement dated as of July 1, 1985 (the "*1985 Loan Agreement*"); and

WHEREAS, the County and the Trustee executed and delivered an Amended and Restated Indenture of Trust dated as of October 1, 2004 (the "*First Amended and Restated Indenture*"), which amended and restated the 1985 Indenture, as supplemented and amended by a First

Supplemental Indenture of Trust dated as of October 1, 2004 (the "*First Supplemental Indenture*" and, together with the 1985 Indenture, the "*Original Indenture*"), and the County and the Company executed and delivered a First Amendment to Loan Agreement dated as of October 1, 2004 (the "*First Amendment to Loan Agreement*" and, together with the 1985 Loan Agreement, the "*Original Loan Agreement*") to supplement certain provisions of the Original Indenture to (a) allow the Company to select the Bonds to be redeemed in the event of a partial optional redemption of the Bonds, (b) provide for partial defeasance of the Bonds, and (c) amend certain provisions of the Original Indenture and the Original Loan Agreement in order to (i) add additional methods of determining the interest rate on the Bonds and (ii) secure the Bonds with a municipal bond insurance policy (the "*Ambac Insurance Policy*") issued by Ambac Assurance Corporation ("*Ambac*"); and

WHEREAS, effective October 15, 2004, the Bonds were reoffered in an Auction Rate Period and were insured by the Ambac Insurance Policy issued by Ambac; and

WHEREAS, pursuant to the First Amended and Restated Indenture and with the consent of Ambac, the Company notified the County and certain other parties of its intent to convert the method of determining the interest rate on the Bonds from an ARS Rate Period to a Daily Interest Rate Period on March 12, 2008; and

WHEREAS, on March 12, 2008, all of the Bonds were converted to a Daily Interest Rate Period and purchased by the Company; and

WHEREAS, the County and the Company have been advised that the credit rating of Ambac has been downgraded and, consequently, the value of the Ambac Insurance Policy has decreased; and

WHEREAS, the Company has agreed with Ambac to terminate the Ambac Insurance Policy; and

WHEREAS, the Company now desires and has requested the County to amend certain provisions of the First Amended and Restated Indenture and the Original Loan Agreement in order to (i) provide for the delivery of a letter of credit (the "*Letter of Credit*") issued by a bank or such other recognized letter of credit provider as selected by an officer of the Company (the "*Bank*") to secure the Bonds and provide liquidity therefor, (ii) cancel the Ambac Insurance Policy, and (iii) provide for the reoffering of the Bonds by the remarketing agent selected by an officer of the Company (the "*Remarketing Agent*") to the public in a weekly interest rate mode or such other interest rate mode as permitted by the Second Amended Indenture (as defined below) and approved by an officer of the Company; and

WHEREAS, the County would also like to authorize the execution and delivery of any additional agreements and certificates necessary to preserve the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and necessary to effectuate the purpose of this Ordinance; and

WHEREAS, the County is not aware of any default existing under the First Amended and Restated Indenture or the Original Loan Agreement; and

WHEREAS, capitalized terms used herein have the meanings specified in the Second Amended Indenture unless otherwise defined herein; and

WHEREAS, (a) the Second Amended and Restated Indenture of Trust (the "*Second Amended Indenture*") between the County and the Trustee, (b) the Second Amendment to Loan Agreement (the "*Second Amendment to Loan Agreement*") between the County and the Company, (c) the Second Supplemental Tax Exemption Certificate and Agreement (the "*Second Supplemental Tax Agreement*") among the County, the Company and the Trustee, and (d) the Release Agreement (the "*Release Agreement*") by and among the County, the Company, the Trustee, the Remarketing Agent and Ambac, each in substantially final form, have been presented to and are before this meeting;

NOW, THEREFORE, BE IT ORDAINED BY THE WARRICK COUNTY COUNCIL OF THE COUNTY OF WARRICK, INDIANA AS FOLLOWS:

Section 1. The form, terms and provisions of the Second Amended Indenture in substantially the form submitted to this meeting are hereby approved, and the Board of Commissioners and the County Auditor are hereby authorized and directed to execute and deliver the Second Amended Indenture with such changes therein as shall be approved by such officers, the execution of such document by such officers to constitute conclusive evidence of such approval, and the County Auditor is hereby authorized and directed to affix to the Second Amended Indenture the official corporate seal of the County and to attach a copy of the Second Amended Indenture, in the form submitted to this meeting and approved hereby, in the records of The Warrick County Council of the County of Warrick, Indiana (the "*County Council*") and to certify thereon that the same is the form of Second Amended Indenture so submitted to this County Council and approved by this Ordinance and identified herein as the Second Amended Indenture and to keep such Second Amended Indenture on file.

Section 2. The Board of Commissioners and the County Auditor are hereby authorized and directed to execute, attest and deliver new Bonds in substantially the form set forth in the Second Amended Indenture to The Bank of New York Mellon Trust Company, N.A. (the "*Bond Registrar*") in exchange for the Bonds currently owned by the Company.

Section 3. The form, terms and provisions of the Second Amendment to Loan Agreement in substantially the form submitted to this meeting are hereby approved, and the Board of Commissioners and the County Auditor are hereby authorized and directed to execute and deliver the Second Amendment to Loan Agreement with such changes therein as shall be approved by such officers, the execution of such document by such officers to constitute conclusive evidence of such approval, and the County Auditor is hereby authorized and directed to affix to the Second Amendment to Loan Agreement the official corporate seal of the County and to attach a copy of the Second Amendment to Loan Agreement, in the form submitted to this meeting and approved hereby, in the records of this County Council and to certify thereon that the same is the form of Second Amendment to Loan Agreement so submitted to this County

Council and approved by this Ordinance and identified herein as the Second Amendment to Loan Agreement and to keep such Second Amendment to Loan Agreement on file.

Section 4. The form, terms and provisions of the Second Supplemental Tax Agreement in substantially the form submitted to this meeting are hereby approved, and the Board of Commissioners and the County Auditor are hereby authorized and directed to execute and deliver the Second Supplemental Tax Agreement, together with an IRS Form 8038, with such changes therein as shall be approved by such officers, the execution of such document by such officers to constitute conclusive evidence of such approval, and the County Auditor is hereby authorized and directed to affix to the Second Supplemental Tax Agreement the official corporate seal of the County and to attach a copy of the Second Supplemental Tax Agreement, in the form submitted to this meeting and approved hereby, in the records of this County Council and to certify thereon that the same is the form of Second Supplemental Tax Agreement so submitted to this County Council and approved by this Ordinance and identified herein as the Second Supplemental Tax Agreement and to keep such Second Supplemental Tax Agreement on file.

Section 5. The form, terms and provisions of the Release Agreement in substantially the form submitted to this meeting are hereby approved, and the Board of Commissioners and the County Auditor are hereby authorized and directed to execute and deliver the Release Agreement with such changes therein as shall be approved by such officers, the execution of such document by such officers to constitute conclusive evidence of such approval, and the County Auditor is hereby authorized and directed to attach a copy of the Release Agreement, in the form submitted to this meeting and approved hereby, in the records of this County Council and to certify thereon that the same is the form of Release Agreement so submitted to this County Council and approved by this Ordinance and identified herein as the Release Agreement and to keep such Release Agreement on file.

Section 6. The Board of Commissioners and the County Auditor are hereby empowered and directed to execute, acknowledge and deliver all other documents and other instruments which may be required from time to time under the terms of the Second Amended Indenture, the Second Amendment to Loan Agreement, the Second Supplemental Tax Agreement, the Release Agreement and to effectuate the purpose of this Ordinance.

Section 7. The execution and delivery of the Second Amended Indenture and the Second Amendment to Loan Agreement by the Board of Commissioners and the County Auditor as authorized in Section 1 and Section 3 above are expressly conditioned upon the following:

(a) Consent to the Second Amended Indenture and the Second Amendment to Loan Agreement must be obtained from all required persons; and

(b) Bond Counsel must opine that such amendments are authorized by and in accordance with the Original Indenture and will not have an adverse effect on the federal income tax exemption of interest paid on the Bonds.

Section 8. The provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision shall be for any reason declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

Section 9. This Ordinance shall take effect as of the date adopted and executed by this County Council and all ordinances in conflict herewith are repealed to the extent of the conflict.


WARRICK COUNTY COUNCIL



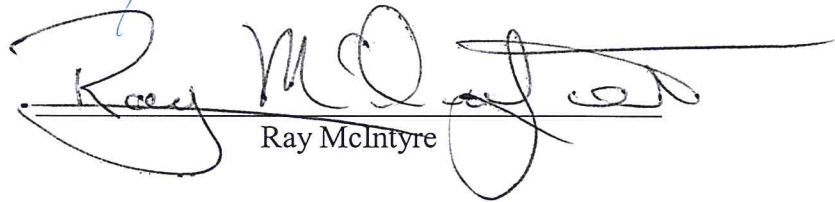
Gary Meyer, D.D.S., President



Gerald Bass



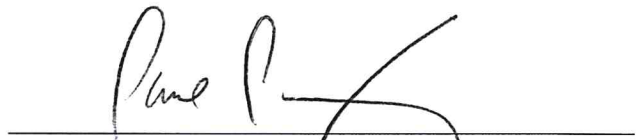
Nova Conner



Ray McIntyre



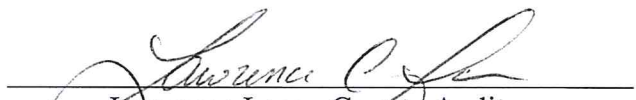
Brad Overton



Paul Perry, M.D.



Greg Richmond



Lawrence Lacer, County Auditor

**EXCERPT FROM THE MINUTES OF THE MEETING OF THE
WARRICK COUNTY COUNCIL OF WARRICK COUNTY, INDIANA
ON FEBRUARY 5, 2009**

The Warrick County Council of Warrick County, Indiana met in regular session at 6:00 o'clock P.M., on February 5, 2009, at the Meeting Room, 107 W. Locust Street in Boonville, Indiana pursuant to notice duly given. The meeting was called to order and there were present at said meeting the following members of the Warrick County Council: Greg Meyer, D.D.S., Gerald Bass, Nova Conner, Ray McIntyre, Brad Overton, Paul Perry, M.D. and Greg Richmond.

Absent: None

The meeting having been called to order, the President declared a quorum was present.

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(Other Business)

Councilman Ray McIntyre introduced and caused to be read the following Ordinance:

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDED AND RESTATED INDENTURE OF TRUST, WHICH AMENDS AND RESTATES THE AMENDED AND RESTATED INDENTURE OF TRUST, RELATING TO THE \$9,775,000 AGGREGATE PRINCIPAL AMOUNT OF WARRICK COUNTY, INDIANA ADJUSTABLE RATE POLLUTION CONTROL REVENUE BONDS, 1985 SERIES A (SOUTHERN INDIANA GAS AND ELECTRIC COMPANY PROJECT); AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO LOAN AGREEMENT, WHICH AMENDS THE LOAN AGREEMENT, AS PREVIOUSLY AMENDED BY THE FIRST AMENDMENT TO LOAN AGREEMENT, RELATING TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENTAL TAX EXEMPTION CERTIFICATE AND AGREEMENT, WHICH SUPPLEMENTS THE ORIGINAL TAX EXEMPTION CERTIFICATE AND AGREEMENT, AS PREVIOUSLY SUPPLEMENTED BY THE FIRST SUPPLEMENTAL TAX EXEMPTION CERTIFICATE AND AGREEMENT, RELATING TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A RELEASE AGREEMENT, WHICH TERMINATES THE MUNICIPAL BOND INSURANCE POLICY SECURING SAID BONDS; AND AUTHORIZING THE EXECUTION AND DELIVERY OF VARIOUS OTHER DOCUMENTS AND CERTIFICATES IN CONNECTION WITH THE FOREGOING AND OTHER RELATED MATTERS PERTAINING TO SAID BONDS.

Pursuant to Indiana Code Section 36-7-12-16, the President announced that each County Council member should reveal whether or not such member had any pecuniary interest in any

aspect of the proposed financing or in the Company; the following members indicated the following interests:

Members: None.

Councilman Ray McIntyre then moved that said ordinance be numbered 2009-01, and that Ordinance No. 2009-01 be approved and the motion was seconded by Councilman Nova Conner. After due consideration of said Ordinance by the County Council, the President put the question on the motion and upon the roll being called the following named County Council members voted:

AYE: Greg Meyer, D.D.S., Gerald Bass, Nova Conner, Ray McIntyre, Brad Overton, Paul Perry, M.D. and Greg Richmond.

NAY: 0

ABSTAINED: 0

Councilman Greg Richmond then moved to suspend the rules and to adopt the Ordinance on the same day of introduction. Councilman Paul Perry seconded the motion and upon vote taken was unanimously carried 7 to 0.

Councilman Gerald Bass then moved that Ordinance 2009-01 be adopted and the motion was seconded by Councilman Nova Conner. After due consideration of said Ordinance by the Council, the President put the question on the motion and upon the roll being called the following named Council members voted:

AYE: Greg Meyer, D.D.S., Gerald Bass, Nova Conner, Ray McIntyre, Brad Overton, Paul Perry, M.D. and Greg Richmond.

NAY: 0

ABSTAINED: 0

Whereupon, the President declared said Ordinance duly adopted and signed his approval thereto and ordered the same to be filed in the official public records of the County Council.

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(Other Proceedings)

There being no further business, on motion duly made, seconded and carried, the meeting duly adjourned.

WARRICK COUNTY COUNCIL

Gary Meyer, D.D.S., President

Lawrence Lacer, County Auditor

STATE OF INDIANA)
) SS
COUNTY OF WARRICK)

I, Lawrence Lacer, hereby certify that I am the duly qualified and acting County Auditor in and for Warrick County, Indiana and as such official I further certify that the attached is a true and correct copy of Ordinance No. 2009-_____ as adopted by the County Council of said County on February 5, 2009 and said Ordinance relating to bonds previously issued for Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. remains in full force and effect and has not been rescinded by the County Council of said County; and that said transcript hereto attached is a true, correct and complete copy of all of the corporate records showing the action taken by the Council regarding said Ordinance.

IN WITNESS WHEREOF, my hand and the corporate seal of the County Council of Warrick County, Indiana hereto affixed, this ____ day of February, 2009.

Lawrence Lacer, County Auditor

[SEAL]